

Request for Letter of Interest

RF-LOI# 2019-01

Office of City Engineer – Water and Wastewater System
Acquisition



Interested Respondents:



September 16, 2019

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City of Harrisburg
Office of City Engineer
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Harrisburg, PA 17101
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Dear Mr. Martin,

Inframark LLC (“**Inframark**”) and Argo Infrastructure Partners (“**Argo**”) are pleased to confirm their interest and submit this qualifications package in response to RF - LOI# 2019-01 for the City of Harrisburg’s (“**City**” or “**Client**”) Water and Wastewater System Acquisition (the “**System**” or “**Project**”). We believe that our extensive references and history of successful public-private partnership engagements are demonstrative of our unwavering commitment to our public sector partners. Our collective qualifications represent our ability to maximize value by optimizing System operations and maintenance functions and by drawing on our resources and unique skillsets and capabilities to plan for, prepare and meet all current and expected or unexpected asset management challenges over the coming decades.

We hope that you will find our submission to be informative and responsive to your request and we thank you for your kind consideration. We also seek and respectfully request an interview so that we may amplify on our credentials, reaffirm our commitment to excellence, answer any questions you may have and discuss how we can best meet your objectives.

1. Submission Letter

1.1 Executive Summary

We believe that our firms’ collective offerings can be integrated to provide the most efficient and reliable solution for the implementation of the Project at a cost of service that would translate into the lowest lifecycle costs for the customers and citizens of Harrisburg. Our team has significant local and regional presence across Southern Pennsylvania. In fact, Inframark is a 100% U.S.-owned firm that has been providing water and wastewater services for almost 40 years. Headquartered in Horsham, PA, Inframark has 11 operating contracts in the state. While Pennsylvania is home for Inframark, Inframark’s footprint across the country is much larger and encompasses the operation of over 300 water and wastewater utilities, capable of treating over 900 MGD of water and wastewater treatment capacity and the management of over 7,000 miles of collection and distribution lines servicing a population of over 4 million. Please see the Appendix for additional information on our Regional Presence. Argo’s credentials and local presence are similarly extensive. Argo currently manages over \$650 million in assets across Southern Pennsylvania and its’ investments include over 30 MGD of combined water and wastewater capacity, 250 miles of collection and distribution lines and serves approximately 15,000 customers. Please see the Appendix for additional information on our Regional Presence. Customer and public engagement in a Project of this nature is a critical success factor and we believe that our experience owning and operating local Pennsylvania assets uniquely qualifies us to manage this aspect of the Project.

In our opinion, it is of utmost importance to undertake a comprehensive value-for-money approach in assessing potential options for the implementation of the Project. This value assessment should consider all-in costs for design, construction, operations, maintenance and financing over a long-term time horizon. Conducting a robust value-for-money analysis concurrent with any future procurement process, where proposals for multiple delivery methods are evaluated, will ensure that the City transparently demonstrates to all System stakeholders that the cost of service of any preferred implementation option translates into the most competitive lifecycle cost possible and therefore the most competitive rate structure for ratepayers. As an example of this analysis that reflects our interest in the Project and ability to deliver the most value, please consider the publicly available Value-for-Money analysis completed for the City of Saint John, New Brunswick's Safe Clean Drinking Water Project.¹ The concession structure for the City of Bayonne, NJ is another example of a successful and cost efficient solution that can be replicated by Harrisburg to implement the Project. Bayonne's success was reflected in Moody's upgrading the system's credit to a rating of A3 from Baa1 within 3 years due to the stability of the solution and upfront payment provided.

1.2 Firm Profiles

1.2.1 Operating Firm

Inframark, LLC, which is headquartered in Horsham, Pa., is the only national infrastructure services company focused solely on the operations and maintenance (O&M) of water and wastewater systems, management and strengthening of community infrastructure, as well as related services. We are a 100% U.S.-based, privately held company that is financially backed by public pension funds, leveraging public capital in the service of public infrastructure. Incorporated in Texas on June 30, 1983, as Severn Trent Environmental Services, Inc., the corporation was restructured in June 2017 and renamed Inframark, LLC, on December 1, 2017.

Our singular focus is to set the "mark" or standard for O&M services for water, wastewater, and infrastructure management. Our services are based on a set of partnership principles that are engrained in every interaction we have with our clients and employees. Our 1,500 hard-working and dedicated professionals ensure that we maintain our reputation as a recognized leader in providing safe, cost-effective operations while ensuring the highest level of service and regulatory compliance. This is the way we have operated in communities across the U.S. for more than 40 years and will continue to do so.

1.2.2 Financing Firm

Argo, a privately held independent infrastructure investment firm, currently manages in excess of US\$2.5 billion in equity capital invested in infrastructure assets and businesses in North America. Our investment focus is on long duration contracted and regulated assets with an emphasis on utilities. Argo has a long-term investment horizon with an operating model that targets assets and businesses that generate sustainable long-term cash flows backed by strong management teams, contracts and partners. We have earned a reputation for effectively and efficiently executing transactions as demonstrated by our completion of 11 transactions (including 2 pending regulatory approval). Our portfolio includes investments in two water and wastewater concessions in Bayonne, NJ and

¹ <https://www.saintjohn.ca/site/media/SaintJohn/SCDWP%20VFM%20v4%201apr16.pdf>

Middletown, PA.¹ Our team has significant transaction experience in the water sector having invested and managed over \$2.75 billion in enterprise value in the sector. We have directly invested over \$300 million of equity in the water sector and currently have over \$650 million of assets under management across Southern Pennsylvania.

1.2.3 Additional Firms

Our firms have experience engaging the most competitive and qualified technical partners and subcontractors for multiple North American infrastructure projects. While we have included a demonstration of our specific technical qualifications requested for the RFI (see Attachments 2, 4 and 5), we recognize that the needs of the System will require additional specialized qualifications in order to comply with the performance standards to be specified in a Project Agreement to be negotiated with the Client. Our firms have a leading network of engineering, procurement and construction firms that we have worked with to manage multiple infrastructure projects in North America. In our experience, it is most effect to engage these third party resources once the Project scope is fully defined so that we can procure the most competitive and cost-effective partner to meet every performance standard. This approach, combined with the integration of our firms' collective offerings, will translate into the most competitive cost of service for the Client as well as ensure the lowest lifecycle cost for the Project.

2. References

2.1 Operating Partner

2.1.1 Borough of Lititz, Pennsylvania

- **Agency Name:** Borough of Lititz, Pennsylvania
- **Contact Person:** Shane Weaver
- **Title:** Borough Council President
- **Address:** 210 Cambridge Lane, Lititz, PA 17543
- **Telephone:** 717.626.7169
- **Email:** shane@weaverenergy.com
- **Type:** Borough
- **Dates of Service:** June 1988 – Present

¹ Please note that the arbitration in Middletown has been settled as of August 2019. If invited for an interview, we would look forward to discussing the current status of the concession and our efforts to provide reliable service to the customers of Middletown.

2.1.2 Oklahoma City, Oklahoma

- **Agency Name:** Oklahoma City, Oklahoma
- **Contact Person:** Crystal Kowalik
- **Title:** Wastewater Quality Superintendent
- **Address:** 420 W. Main, Suite 500, Oklahoma City, OK 73102
- **Telephone:** 405.297.3548
- **Email:** crystal.kowalik@okc.gov
- **Type:** Municipality
- **Dates of Service:** January 2017 – Present

2.2 Financing Partner

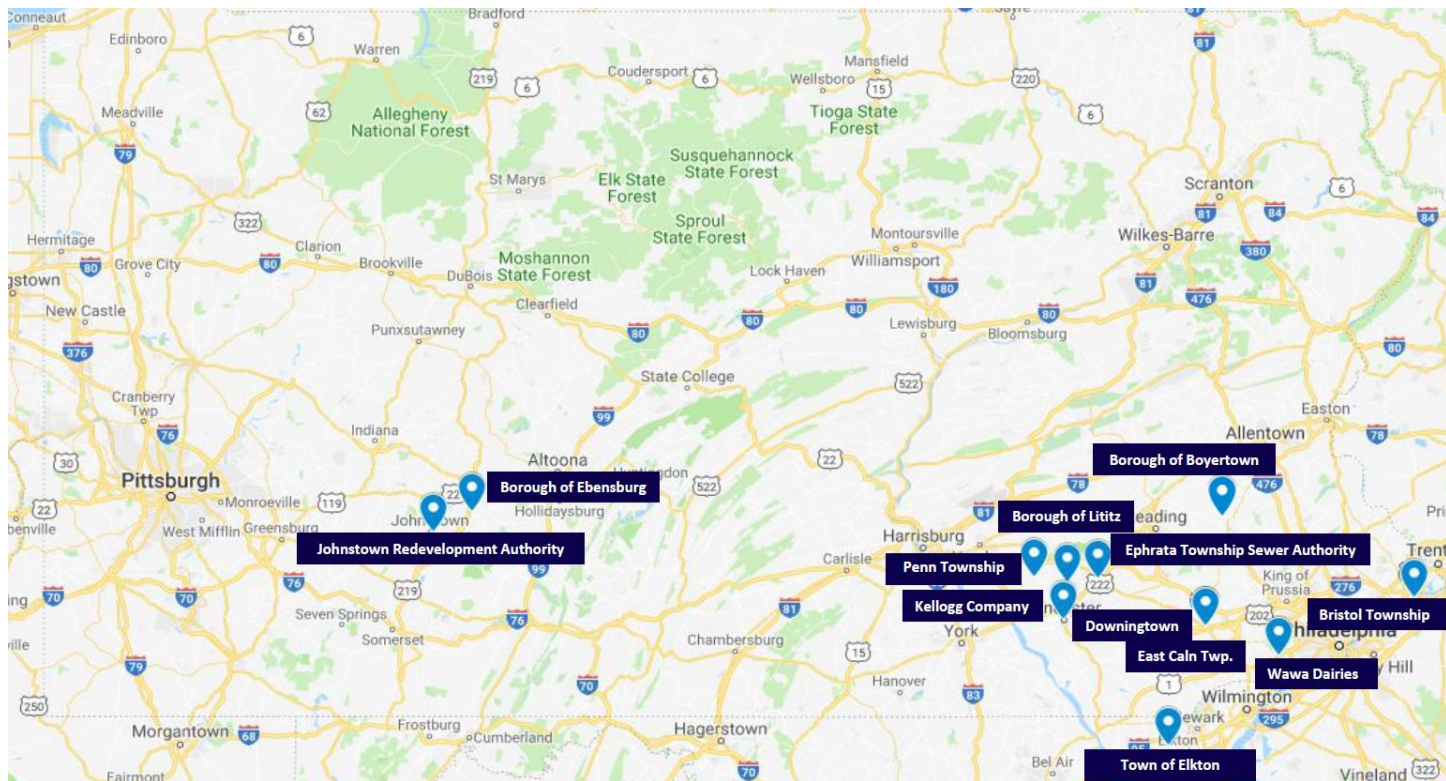
2.2.1 Bayonne, New Jersey

- **Agency Name:** Bayonne, New Jersey
- **Contact Person:** Tim Boyle
- **Title:** Executive Director of Department of Public Works and City Representative to Bayonne Water JV Operating Committee
- **Address:** City of Bayonne, 630 Avenue C, Bayonne, NJ 07002
- **Telephone:** 201.858.6070
- **Type:** Municipality
- **Dates of Service:** June 2017 – Present

3. Appendix | Regional Presence

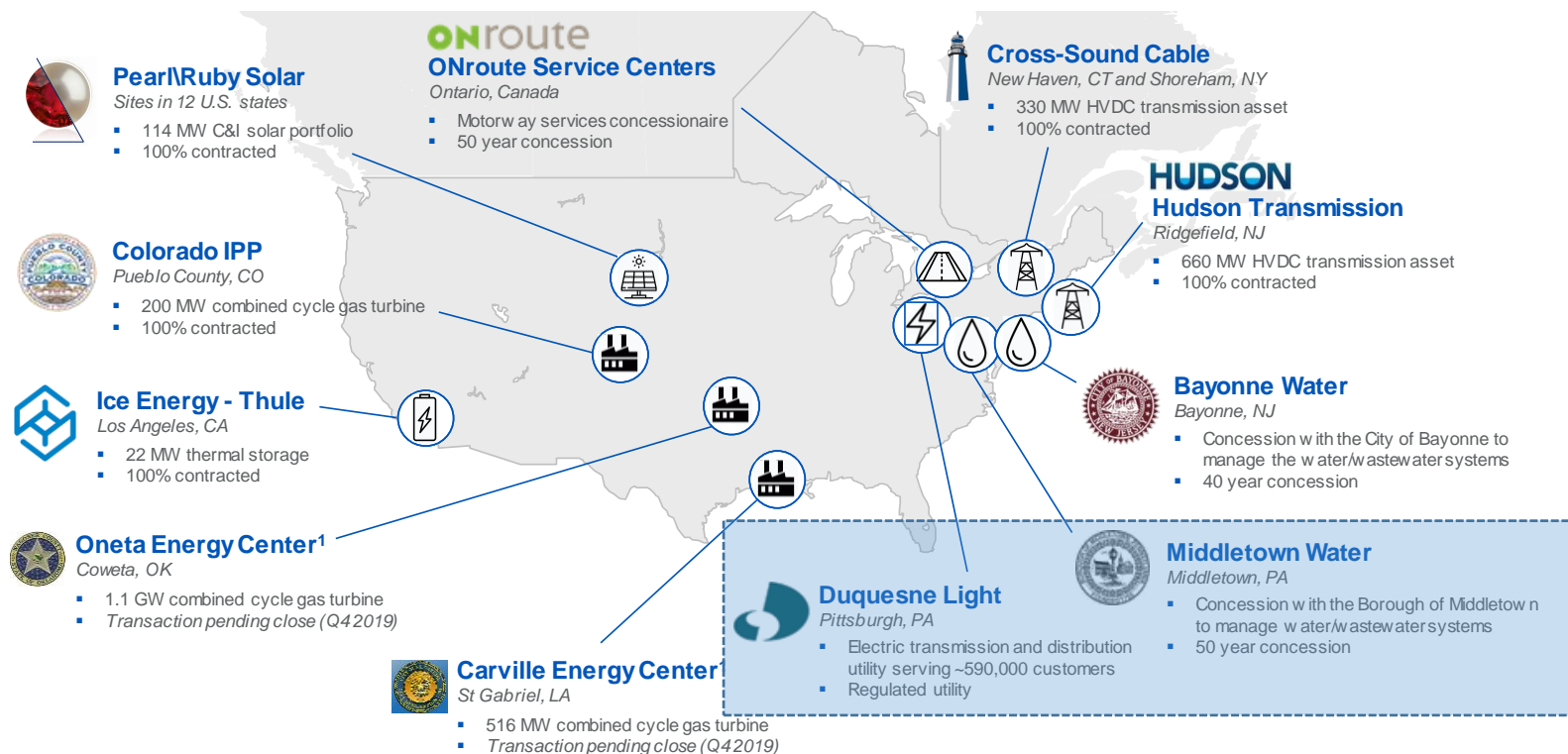
3.1 Operating Firm

Inframark has a 40-year history serving communities in the Commonwealth of Pennsylvania. We currently have eleven projects in the Keystone State, where we operate nine wastewater treatment plants (WWTPs) and three water treatment plants (WTPs). Below is a map of our facilities in Pennsylvania:



3.2 Financing Firm

Argo currently manages over \$650 million of assets across Southern Pennsylvania, including the Middletown Water and Wastewater concession that is 9 miles southeast of Harrisburg:



¹ Pending regulatory approval

4. Attachment 1 | List of Existing Facilities

4.1 Operating Firm

Inframark's Pennsylvania Facilities	
Client Name	Facility Name(s)
Borough of Boyertown	Boyertown WWTP, Boyertown WTP
Bristol Township	Bristol Township WWTP
Downingtown Area Regional Authority	Downingtown Regional Water Pollution Control Center WWTP
East Caln Township	NA; Meter Reading
Borough of Ebensburg	Ebensburg WWTP
Johnstown Redevelopment Authority	Dornick Point WWTP
Kellogg Company	Kellogg's WWTP
Lehigh Hanson	Water System
Borough of Lititz	Lititz WWTP, Lititz WTP
Penn Township	NWLCA WWTP, Penn Township WTP
Wawa Dairies	Wawa WWTP

Nationally, we have an extensive footprint covering 19 states. We currently operate 169 WWTPs and 153 WTPs, as well as more than 7,000 miles of collection and distribution lines. Below is a table showing our WWTPs that are greater than 10 million gallons per day (MGD).

Inframark's WWTPs >10 MGD				
Client Name	Facility Name(s)	Design Flow (MGD)	Miles of Collection	Combined Sewer System
Oklahoma City Water Utilities Trust, Okla.	North Canadian WWTP	80	NA	
	Deer Creek WWTP	15	NA	
	Chisholm Creek WWTP	10	NA	

Inframark's WWTPs >10 MGD				
Client Name	Facility Name(s)	Design Flow (MGD)	Miles of Collection	Combined Sewer System
City of Quincy, Ill.	Quincy WWTP	37.5	NA	X
City of Bridgeport, Conn.	Bridgeport West Side WWTP	30	170	X
	Bridgeport West Side WWTP	10		
City of Danville, Va.	Northside WWTP	20	NA	
City of Bristol, Tenn.	Bristol Regional WWTP	15	NA	
City of Pasadena, Texas	New Vince Bayou WWTP	14	NA	
	Golden Acres WWTP	10	NA	
Johnstown Redevelopment Authority, Pa.	Dornick Point WWTP	12	NA	X
Town of Gilbert, Ariz.	Neely Water Reclamation Facility	11	NA	

Below is a table showing our WTPs that are greater than 5 MGD.

Inframark's WTPs and WTPs > 5 MGD				
Client Name	Facility Name	Design Flow (MGD)	Miles of Distribution	Water Source
Borough of Boyertown, Pa.	Boyertown WTP	2	25	Surface
Borough of Lititz, Pa.	Lititz WTP	4	NA	Ground, Surface
Penn Township, Pa.	Penn Township WTP	0.5	9	Ground, Surface
North Harris County Regional Water Authority, Texas	Spears Road Regional Pump Station	63	77	Purchased

Inframark's WTPs and WTPs > 5 MGD				
Client Name	Facility Name	Design Flow (MGD)	Miles of Distribution	Water Source
	Louetta Regional WTP	6		Ground, Purchased
West Harris County Regional Water Authority, Texas	WHCRWA Pump Station	28.25	80	NA
North Fort Bend Water Authority, Texas	North Fort Bend Water Authority WTP	19.5	52	Purchased
City of Weslaco, Texas	Weslaco WTP	19.1	NA	Surface
Mountain House Community Services District, Calif.	Mountain House Water Treatment	12.5	45	Surface
City of Houston, Texas	WTP B (Kingwood-2)	11.52	315	Ground
	WTP A (Kingwood-1)	10.2		
	WTP C (Kingwood-3)	6.6		
Cinco MUD #1 (Master District), Texas	Cinco MUD 1 WTP 1	10.86	28	Ground
	Cinco MUD 1 WTP 5	9.58		
Inima USA Construction Corp., Fla.	Hialeah WTP	10.5	NA	Ground
City of La Vergne, Tenn.	La Vergne WTP	10	NA	Surface
Horizon Regional MUD, Texas	Horizon Regional RO WTP	8	45	Ground
Plaquemines Parish, La.	Belle Chasse WTP	7.5	380	Surface
City of Cleveland, Miss.	Cleveland Well System	6.9	80	Ground
City of Claremore, Okla.	Claremore WTP	6.4	NA	Surface
City of Perris, Calif.	Perris South	5.5	9	Purchased
St. Lucie County, Fla.	North Hutchinson Island Consecutive Water System	5	250	Purchased
	St. Lucie Utilities North Consecutive Water System	5		
	Indian River Estates Consecutive Water System	5		

4.2 Financing Firm

Client Name	System Overview
City of Bayonne, NJ	<ul style="list-style-type: none">• Water transmission aqueduct (10.5 MGD capacity) and 95-mile distribution system• Combined sanitary/storm sewer system (17.6 MGD capacity), 102 miles of sewer and force mains, 12 pumping stations, 55 combined sewer overflow control structures, and 30 combined sewer discharge points
Borough of Middletown, PA	<ul style="list-style-type: none">• 6 ground wells (2.8 MGD capacity), 3 storage facilities, 35 miles of transportations and distribution lines and water treatment facilities• 25 miles of sewers, interceptors, and a wastewater treatment plant (2.2 MGD capacity)